

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7716**

**BILL NUMBER: HB 1657**

**DATE PREPARED:** Jan 26, 1999

**BILL AMENDED:**

**SUBJECT:** Senior citizen supplemental prescription plan.

**FISCAL ANALYST:** Ron Sobecki

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:**     **X GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State and Local

**Summary of Legislation:** This bill creates the Pharmaceutical Assistance for the Aged and Disabled Program. The bill allows an Indiana resident who is eligible for the program to pay a ten dollar copayment for various prescription drugs. It provides the Division of Disability, Aging, and Rehabilitative Services with the authority to restrict the supply of prescription drugs under certain circumstances. It requires a pharmacy to provide prescription price information to the division before a pharmacy may be paid for a prescription claim. The bill requires the Division of Disability, Aging, and Rehabilitative Services to submit an annual report that contains an evaluation of the program to the General Assembly. It establishes penalties for violations of the program.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill creates the Pharmaceutical Assistance for the Aged and Disabled Program. The fiscal impact to the Family and Social Services Administration (FSSA) is based on information received from Pennsylvania which has a similar program. Pennsylvania has approximately twice the number of individual age 65 or older than Indiana. The Pennsylvania program has approximately 90 employees to administer the program. It is estimated that the FSSA will need to hire approximately 35 new employees to administer the Indiana program. The estimated cost of salary, fringe benefits, and indirect costs is \$1,259,787 in FY 2000 and \$1,250,313 in FY 2001. In Pennsylvania the program's approximate cost for the prescription drugs is \$250 million. It is estimated that the cost in Indiana for the prescription drugs is \$100 million. There is no appropriation for this program in the bill.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The December 31, 1999 state manning table shows the FSSA with 283 vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:** This bill creates a Class A misdemeanor for violations of this bill. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund could increase. The maximum fine for a Class A misdemeanor is \$5,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund.

If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

**Explanation of Local Expenditures** A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

**Explanation of Local Revenues:** If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed, and if collected would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Karen Kinder, FSSA, 232-5659.